

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 EURE-00 SSO-00 NSCE-00 USIE-00
INRE-00 CIAE-00 PM-04 H-01 INR-07 L-03 NSAE-00
NSC-05 PA-01 PRS-01 SP-02 SS-15 ACDA-07 TRSE-00
OIC-02 /061 W
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O R 221510Z MAR 77
FM USMISSION NATO
TO SECSTATE WASHDC IMMEDIATE 2343
SECDEF WASHDC IMMEDIATE
INFO CSAF WASHDC
USNMR SHAPE
CINCUSAFE
USCINCEUR
USLOSACLANT
CINCLANT
OSAF
AFSC ANDREWS AFB MD
ESD LA HANSCOM AB MA
ALL NATO CAPITALS 6940

C O N F I D E N T I A L SECTION 1 OF 2 USNATO 1615

SECDEF FOR ODDR&E/IP/TWP, OASD/ISA/I&L. SECSTATE FOR
EUR/RPM. CSAF FOR RD/XO/RDP/RDIP/RDPW/CVAW. OSAF FOR SAFRD.
AFSC FOR SD. ESD FOR YWT. AMEMB THE HAGUE, PASS TO RADLO
FOR MIRMAN. USCINCUR FOR J5.

E.O. 11652: GDS
TAGS: NATO, OCON, AWACS, MILI
SUBJECT: NATO AEW - PREPARATIONS FOR THE DEFENSE MINISTERS
MEETING

REF: A. USNATO 1558 DTG 101751Z MAR 77.
B. USNATO 1581 DTG 211413Z MAR 77 (NOTAL)
C. STATE 61945 DTG 192110Z MAR 77 (NOTAL).
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SUMMARY. ON MARCH 21 NATIONAL REPRESENTATIVES MET WITH ASYG
LABERGE TO DISCUSS PREPARATIONS FOR THE MARCH 25 DEFENSE
MINISTERS MEETING. THE GROUP AGREED THE MEETING WILL TAKE
PLACE, SETTLED SOME ADMINISTRATIVE DETAILS AND TENTATIVELY
AGREED THE AGENDA. LABERGE BRIEFED THE DRAFT PAPER FOR
MINISTERIAL CONSIDERATION AND THE GROUP SUGGESTED NUMER-
OUS CHANGES. THE GROUP ASKED FOR CLARIFICATION OF THE
US AND FRG POSITIONS AND ASKED FOR INFORMATION ABOUT US
CHARGES. END SUMMARY. ACTION REQUESTED. SE PARA 12 BELOW.

1. ON MARCH 21, ASYG (DEFENSE SUPPORT) LABERGE CHAIRED A MEETING OF NATIONAL REPRESENTATIVES TO DISCUSS THE AGENDA FOR THE MARCH 25 DEFENSE MINISTERS MEETING. REPRESENTATIVES FROM ALL NATO NATIONS EXCEPT FRANCE, ICELAND AND LUXEMBOURG ATTENDED THE MEETING.
2. THE MEETING AGREED THAT DEFENSE MINISTERS WILL MEET ON MARCH 25; HOWEVER, THE DANISH AND TURKISH MINISTERS WILL NOT BE ABLE TO ATTEND BECAUSE OF PRESSING PARLIAMENTARY BUSINESS, AND THE DUTCH AND PORTUGUESE REPS SAID THEY WERE NOT SURE THEIR MINISTERS WOULD BE HERE DUE TO NATIONAL COMMITMENTS. LABERGE ASKED THAT ALL NATIONS BE REPRESENTED AT THE MEETING. THE ITALIAN REP SAID HIS MINISTER WOULD ATTEND, BUT HE POINTED OUT THAT HIS GOVERNMENT IS NOT IN A POSITION TO TAKE PART IN ACQUISITION. HE ALSO TURNED DOWN THE SUGGESTION MADE AT THE LAST FINANCIAL EXPERTS MEETING THAT SOME ITALIAN GROUND RADAR IMPROVEMENTS BE FUNDED UNDER THE INFRASTRUCTURE PROGRAM AND THAT ITALY CONSIDER FUNDING A NATO AEW PROCUREMENT SHARE AFTER THE CURRENT TEN YEAR DEFENSE PROGRAM. HIS STATED REASON WAS THAT PROVISIONS OF ITALIAN LAW PRECLUDE SUCH ARRANGEMENTS (SEE SEPTTEL).
3. TURNING TO ADMINISTRATIVE DETAILS, THE GROUP AGREED THAT THE MEETING SHOULD BE HELD IN CONFERENCE ROOM 16 (ALLOW THREE REPRESENTATIVES FROM EACH NATION AT THE TABLE), THAT THERE WILL BE A VERBATIM RECORD AVAILABLE
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BY THE MORNING OF MARCH 26 AND A SUMMARY RECORD DURING THE NEXT WEEK, AND THAT THE MINISTERS WOULD WORK OUT A RECOMMENDED PRESS RELEASE DURING THEIR MEETING. LABERGE SAID HE HAD NO KNOWLEDGE OF ANY PLANNED SOCIAL OBLIGATIONS ON MARCH 24 OR 25.

4. AFTER SOME DISCUSSION, THE GROUP TENTATIVELY AGREED TO THE FOLLOWING AGENDA FOR THE MEETING.

A. ITEM I. INTRODUCTION (5 MIN). IN THE INTEREST OF SAVING TIME, BOSS (FRG) SUGGESTED THAT IT MAY NOT BE NECESSARY FOR THE CHAIRMAN OF THE MILITARY COMMITTEE TO SPEAK SINCE ALL NATIONS ARE AWARE OF THE MILITARY REQUIREMENT FOR NATO AEW. THE DUTCH, DANISH AND NORWEGIAN REPS AGREED. THEREFORE THIS ITEM WILL PROBABLY BE COVERED BY SYG LUNS.

B. ITEM II. PROGRAM REVIEW PREPARATORY TO DISCUSSION (15 MINUTES). LABERGE WILL HANDLE THIS ITEM WITH FOUR TO FIVE KEY VIEWGRAPHS. THE GROUP AGREED THAT ITEM II G OF THE DRAFT AGENDA (PARA 3 OF REF A), EXCEPT FOR "FUTURE MILESTONES", SHOULD BE DELTED FROM LABERGE'S PRESENTATION.

C. ITEM III. GENERAL DISCUSSION BY MINISTERS. LABERGE SUGGESTED AND THE GROUP AGREED TO A DISCUSSION GENERALLY STRUCTURED AROUND THE FOLLOWING POINTS:

1. THE ABILITY OF NATIONS TO SUPPORT THE OVERALL PROGRAM IN PRINCIPLE;

2. THE ABILITY TO MEET AMOUNTS, PERCENTAGES, AND TIMING REQUIREMENTS;
3. ANY SPECIAL PROBLEMS OF CRITICAL INTEREST (THE NORWEGIAN REP SAID HIS MINISTER WOULD PROBABLY RAISE THE SUBJECT OF VOTING RIGHTS ON THE BOARD OF DIRECTORS; HE ALSO ASKED THAT THIS SUBJECT BE DISCUSSED IN THE PAPER BEING DRAFTED FOR MINISTERIAL CONSIDERATION.);
4. A PROPOSED LIST OF FUTURE MILESTONE ACTIONS;
5. THE GENERAL TENOR OF A PRESS RELEASE.

COMMENT. DURING THIS DISCUSSION PETERS (UK) SAID THAT
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SINCE THE UK POSITION IS WELL KNOWN BY ALL, THE UK MINISTER
DOESN'T WANT TO BE FIRST TO SEPAK. WE BELIEVE IT WILL BE

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C O N F I D E N T I A L SECTION 2 OF 2 USNATO 1615

IMPORTANT TO CRAEFULLY ORCHESTRATE THE DISCUSSION WITH LABERGE
IN THE DAYS THAT REMAIN BEFORE THE MEETING. SPECIFICALLY,
A VERY POSITIVE LEADOFF BY THE US, FRG, CANADA AND THE UK,
WOULD SET THE TONE. THEREAFTER, LUNS SHOULD TURN TO THE
MORE POSITIVE MINOR SHARE NATIONS SUCH AS NORWAY, THE NETHER-
LANDS, TURKEY, GREECE AND LUXEMBOURG. SUCH A SEQUENCE MAY
INDUCE THE OTHERS TO BE MORE POSITIVE. END COMMENT.
5. LABERGE TABLED A PRELIMINARY DRAFT OF THE PAPER WHICH

WILL FORM THE BASIS FOR MINISTERIAL DISCUSSION AND WALKED THE GROUP THROUGH IT SECTION BY SECTION. AT THE OUTSET OF THIS DISCUSSION BUWALDA (NL) BROUGHT UP THE US LETTER (REF B), SAYING THAT HE WAS HAPPY WITH IT AS FAR AS IT GOES. HE ASKED IF THERE WOULD BE MORE INFORMATION, PARTICULARLY ON WHAT CONFIDENTIAL

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COST THE FRG COULD ACCEPT. LEGERE (US) SAID THAT THE LETTER DESCRIBES HOW THE BROWN-LEBER MEETING CAME OUT, AND THAT THERE IS REALLY NOTHING MORE WE CAN ADD. BOSS SAID HE AGREED WITH THE LETTER AS SENT BY THE US AND INDICATED THAT WE WOULD HAVE TO WAIT UNTIL THE MINISTERIAL MEETING TO LEARN WHAT SHARE WILL BE ACCEPTABLE TO THE FRG. PETERS ASKED IF THE 33 PERCENT US SHARE IS BASED ON A PROGRAM WHICH INCLUDES THE 4 PERCENT R&D SURCHARGE AND THE 2 PERCENT ADMINISTRATIVE LEVY. LEGERE SAID THAT HE BELIEVED THOSE FEES ARE INCLUDED IN THE OVERALL PROGRAM COST AT THIS POINT, BUT THAT WE WOULD POINT OUT THESE CONCERNS TO WASHINGTON. COMMENT. THIS SUBJECT WILL SURELY COME UP DURING THE ANTICIPATED MARCH 23 DPC ON NATO AEW AND DURING THE 2 MARCH MINISTERIAL MEETING ITSELF. WE WOULD APPRECIATE WASHINGTON GUIDANCE ON THIS MATTER AS SOON AS POSSIBLE. END COMMENT.

6. ANDERSON (CANADA) AND OTHERS SAID MINISTERS NEED SPECIFIC PROPOSALS TO CONSIDER AND ASKED LABERGE IF HE COULD DEVELOP DEFINITIVE PROPOSALS BASED ON THE US OFFER AND THE NONCOMMITTAL FRG POSITION. LABERGE SAID THE PAPER FOR MINISTERS' CONSIDERATION WILL INCLUDE THE TWO PROPOSALS SUGGESTED BY THE US (ONE WITHOUT FRANCE SHOWING THE US AT 33 PERCENT, AND ONE WITH FRANCE AS A MAJOR SHARE NATION AND WITH THE CFM-56 ENGINE), AS WELL AS THE PROPOSAL PRESENTLY IN THE PAPER WHICH SHOWED FRANCE AS A 10.3 PERCENT SUBSCRIBER. LEGERE AND DUPONT (BELGIUM) POINTED OUT THAT THE PAPER WOULD BE EASIER TO FOLLOW IF ALL THE COST SHARING FORMULAE WERE INCLUDED IN ONE SECTION OF THE PAPER.

7. BUWALDA QUESTIONED THE ADVISABILITY OF INCLUDING A PROPOSAL SHOWING THE CFM-56 ENGINE. AFTER THE RECENT FRENCH MUNICIPAL ELECTIONS HE SAID "IT LOOKS A LITTLE BLEAK" TO ASSUME THAT THE FRENCH MINISTER WILL COME TO THE MEETING, AND WITHOUT A FRENCH MINISTER HERE ON MARCH 25, WE SHOULD NOT EVEN INTRODUCE THE SUBJECT OF THE CFM-56 ENGINE. LABERGE SAID THERE HAD BEEN TALKS WITH THE FRENCH, AND WHILE THE POSSIBILITIES DID SEEM RATHER BLEAK, WE SHOULD GIVE THE FRENCH THE OPPORTUNITY TO CONSIDER THIS PROPOSAL. ANDERSON OPINED THAT A FULL SHARE (\$415.5 MILLION) FOR THE FRENCH IS PROBABLY MORE THAN WE CONFIDENTIAL

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SHOULD SUGGEST, AND THAT THE FRENCH SHARE SHOULD PROBABLY BE MIDWAY BETWEEN 10.3 PERCENT AND THE FULL SHARE OF 16.9 PERCENT. LABERGE POINTED OUT THAT FRANCE WOULD GET MAJOR INDUSTRIAL BENEFITS FROM THE CFM-56 AND HE DIDN'T BELIEVE OTHER NATIONS WOULD AGREE TO A LOWER FRENCH SHARE. COMMENT. A UK REP CON-

FIRMED THIS IN STRONG TERMS AFTER THE MEETING. END COMMENT.

8. THE ITALIAN, PORTUGUESE AND BELGIAN REPS POINTED OUT THAT THE PAPER SHOULD CLEARLY STATE THAT THE PROPOSED COST SHARING FORMULAE HAD NOT BEEN ACCEPTED BY THEIR GOVERNMENTS. LABERGE WILL COVER THIS FACT IN GENERAL TERMS WITHOUT SINGLING OUT SPECIFIC NATIONS.

9. DURING THE DISCUSSION OF THE PAPER THERE WAS SOME CONFUSION OVER THE US OFFER (REFS B AND C). THE NAPO HAD BEEN WORKING ON THE BASIS OF 33.3333PERCENT SHARE RATHER THAN 33 PERCENT, AND THE CANADIANS HAD ALSO HEARD THE FORMER FIGURE. PETERS QUESTIONED THE EFFECT OF A US INCREASE TO 33 PERCENT, I.E., WOULD ALL BENEFIT OR WOULD ONLY THE FRG BENEFIT? LEGERE SAID 33 PERCENT IS CORRECT AND THAT THE FRG SHARE WOULD BE DECREASED AS A RESULT.

10. LABERGE AND THE NAPO WILL FINALIZE THE PAPER FOR MINISTERIAL CONSIDERATION BASED ON COMMENTS AT THIS MEETING. LABERGE HOPES TO HAVE IT DISTRIBUTED BY MIDDAY TODAY, MARCH 22. WE EXPECT THE PAPER TO BE DISCUSSED AT THE MARCH 23 DPC.

11. WHILE TALKING OF THE US LETTER (REF B) BUWALDA SAID HIS AUTHORITIES WERE STILL WAITING FOR A DEBRIEF ON US/FRG TANK HARMONIZATION DISCUSSIONS. HE SAID HIS MINISTER MAY WELL RAISE THIS SUBJECT ON MARCH 25 AT THE MINISTERIAL MEETING. LEGERE SAID THE US VIEW IS THAT ONLY NATO AEW SHOULD BE DISCUSSED AT THE MARCH 25 MINISTERIAL. BUWALDA SAID HIS MINISTER IS SOMEWHATE UNPREDICTABLE AND MAY WELL BRING UP TANK HARMONIZATION.

12. ACTION REQUESTED. BY OOB BRUSSELS TIME MARCH 23,
WASHINGTON GUIDANCE ON: A. THE PROPOSED AGENDA - PARA 4 ABOVE.
B. ORCHESTRATION OF THE DEFENSE MINISTERS MEETING - PAR 4 ABOVE.
C. INFORMATION WE CAN GIVE ALLIES ON THE SURCHARGE/ADMINISTRATIVE LEVY QUESTION - PARA 5 ABOVE.

D. CONFIRMATION OF OUR UNDERSTANDING OF THE US POSITION
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AS COVERED IN PARA 9 ABOVE. STRAUSZ-HUPE

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Message Attributes

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